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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.	
09/972,564	10/04/2001	Thomas Herzfeld	ALBA-001	5376	
7590 10/18/2006			EXAM	EXAMINER	
Sean P. Lewis 7172 Regional #438			SEREBOFF, NEAL		
Dublin, CA 94568			ART UNIT	PAPER NUMBER	
,			3626		
			DATE MAILED: 10/18/2006		

Please find below and/or attached an Office communication concerning this application or proceeding.

	Application No.	Applicant(s)				
Office A - time Our	09/972,564	HERZFELD, THOMAS				
Office Action Summary	Examiner	Art Unit				
	Neal R. Sereboff	3626				
The MAILING DATE of this communication app Period for Reply	ears on the cover sheet with the c	orrespondence address				
A SHORTENED STATUTORY PERIOD FOR REPLY WHICHEVER IS LONGER, FROM THE MAILING DA - Extensions of time may be available under the provisions of 37 CFR 1.13 after SIX (6) MONTHS from the mailing date of this communication. - If NO period for reply is specified above, the maximum statutory period w - Failure to reply within the set or extended period for reply will, by statute, Any reply received by the Office later than three months after the mailing earned patent term adjustment. See 37 CFR 1.704(b).	ATE OF THIS COMMUNICATION 16(a). In no event, however, may a reply be tim ill apply and will expire SIX (6) MONTHS from cause the application to become ABANDONE	I. ely filed the mailing date of this communication. Communication (35 U.S.C. § 133).				
Status						
1) Responsive to communication(s) filed on	• .					
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closed in accordance with the practice under <i>Ex parte Quayle</i> , 1935 C.D. 11, 453 O.G. 213.						
Disposition of Claims						
·						
4) Claim(s) <u>1-6</u> is/are pending in the application.						
4a) Of the above claim(s) is/are withdrawn from consideration.						
5) Claim(s) is/are allowed.						
6)⊠ Claim(s) <u>1-6</u> is/are rejected. 7)□ Claim(s) is/are objected to.						
8) Claim(s) are subject to restriction and/or	election requirement					
	election requirement.					
Application Papers						
9) The specification is objected to by the Examiner.						
10) The drawing(s) filed on is/are: a) □ accepted or b) □ objected to by the Examiner.						
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).						
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).						
11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.						
Priority under 35 U.S.C. § 119						
12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f). a) All b) Some * c) None of:						
1. Certified copies of the priority documents have been received.						
2. Certified copies of the priority documents have been received in Application No						
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).						
* See the attached detailed Office action for a list of the certified copies not received.						
Attachment(s)						
1) Notice of References Cited (PTO-892) 4) Interview Summary (PTO-413)						
2) Notice of Draftsperson's Patent Drawing Review (PTO-948) Paper No(s)/Mail Date Notice of Informal Patent Application						
Paper No(s)/Mail Date	6) Other:	аст. г. руповит				

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DETAILED ACTION

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1. Claims 1 - 6 are pending.

Priority

2. If applicant desires to claim the benefit of a prior-filed application under 35 U.S.C. 119(e), a specific reference to the prior-filed application in compliance with 37 CFR 1.78(a) must be included in the first sentence(s) of the specification following the title or in an application data sheet. For benefit claims under 35 U.S.C. 120, 121 or 365(c), the reference must include the relationship (i.e., continuation, divisional, or continuation-in-part) of the applications.

If the instant application is a utility or plant application filed under 35 U.S.C. 111(a) on or after November 29, 2000, the specific reference must be submitted during the pendency of the application and within the later of four months from the actual filing date of the application or sixteen months from the filing date of the prior application. If the application is a utility or plant application which entered the national stage from an international application filed on or after November 29, 2000, after compliance with 35 U.S.C. 371, the specific reference must be submitted during the pendency of the application and within the later of four months from the date on which the national stage commenced under 35 U.S.C. 371(b) or (f) or sixteen months from the filing date of the prior application. See 37 CFR 1.78(a)(2)(ii) and (a)(5)(ii). This time period is not extendable and a failure to submit the reference required by 35 U.S.C. 119(e) and/or 120, where applicable, within this time period is considered a waiver of any benefit of such prior application(s) under 35 U.S.C. 119(e), 120, 121 and 365(c). A benefit claim filed after the required time period may be accepted if it is accompanied by a grantable petition to accept an unintentionally delayed benefit claim under 35 U.S.C. 119(e), 120, 121 and 365(c). The petition

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must be accompanied by (1) the reference required by 35 U.S.C. 120 or 119(e) and 37 CFR 1.78(a)(2) or (a)(5) to the prior application (unless previously submitted), (2) a surcharge under 37 CFR 1.17(t), and (3) a statement that the entire delay between the date the claim was due under 37 CFR 1.78(a)(2) or (a)(5) and the date the claim was filed was unintentional. The Director may require additional information where there is a question whether the delay was unintentional. The petition should be addressed to: Mail Stop Petition, Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450.

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If the reference to the prior application was previously submitted within the time period set forth in 37 CFR 1.78(a), but not in the first sentence(s) of the specification or an application data sheet (ADS) as required by 37 CFR 1.78(a) (e.g., if the reference was submitted in an oath or declaration or the application transmittal letter), and the information concerning the benefit claim was recognized by the Office as shown by its inclusion on the first filing receipt, the petition under 37 CFR 1.78(a) and the surcharge under 37 CFR 1.17(t) are not required. Applicant is still required to submit the reference in compliance with 37 CFR 1.78(a) by filing an amendment to the first sentence(s) of the specification or an ADS. See MPEP § 201.11.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1 through 5 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims are directed to a legal document. A legal document is a prima facie case of unpatentability as if falls outside all of the statutory categories.

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5. Claim 6 is rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claim 6 must produce a result that is concrete, tangible, and useful (State Street, MPEP 2106). Determining is defined as to decide or settle (see reference U3 on the attached PTO Form 892, p 369). The product of determining may be a mental image, that image is not tangible and so therefore non-statutory.

Claim Rejections - 35 USC § 112

- 6. The following is a quotation of the first paragraph of 35 U.S.C. 112:
 - The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.
- 7. Claim 6 is rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.
- 8. The nature of Applicant's invention relates to the method of managing a mortgage insurance policy. In order for this method to occur, one of steps is to determine a first claim settlement method to be used if an insured event occurs. Determining is defined as to decide or settle (see reference U3 on the attached PTO Form 892, p 369). It is reasonable to conclude that this determining step may include any potential way to decide. These methods may therefore include mental thoughts, darts or another random method such as a roulette wheel. According to this invention, the step of determining a settlement method is critical for the proper management of a mortgage insurance policy. The prior art discloses that the insurance settlement may be done either by paying the mortgagor or by paying the mortgagee the full amount (see reference

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V2 on the attached PTO Form 892, paragraph 67). This settlement method is defined within the insurance contract. There is nothing within the prior art about changing the settlement method. One of ordinary skill in the art would follow these National Flood Insurance Program regulations because Congress made them law (see reference W2 on the attached PTO Form 892, paragraph 1). The detailed description provides no additional assistance in determining a settlement method and no working examples are given. Because no helpful information was provided by the disclosure, and the settlement method examples are different than the prior art, the level of experimentation is high. Therefore one skilled in the art would not be enabled to make and use this invention.

- 9. The following is a quotation of the second paragraph of 35 U.S.C. 112: The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
- 10. Claim 1 through 5 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
- The policy of claim 1 teaches the step of having periodically adjusted premiums being 11. partially based on at least one of the following: loan seasoning, geographic location, regional economic conditions. This claim does not further teach how the entire premium would be based or exactly how much is 'partial'. The detailed description does not provide any further guidance as to a range or a percentage. Nor does the description state how many factors or how few factors will determine how the premium will be adjusted. Therefore the absence of parameters causes the step to be indefinite. This indefiniteness is not corrected in dependent claims 2 through 5 and so these claims are rejected as being dependent upon an indefinite claim.

dependent upon an indefinite claim.

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12. The policy of claim 1 teaches the step of a claim settlement option chosen from the following: Immediate lump-sum settlement, principal and interest payments being maintained for a fixed period prior to loan payoff, principal and interest payments being maintained until loan payoff is demanded by insured, principal and interest payments until the loan is paid off by the insurer. This step can properly be interpreted as one or more of the settlement options causing the step to be indefinite. This step appears to use the Markush claim format however does so improperly. A proper Markush group is written to eliminate uncertainty or ambiguity with respect to the question of scope or clarity (MPEP 2173.05(h)). An acceptable Markush format is, "the settlement option is chosen from the group consisting of Immediate lump-sum settlement, principal and interest payments being maintained for a fixed period prior to loan payoff, principal and interest payments being maintained until loan payoff is demanded by insured, and principal and interest payments until the loan is paid off by the insurer." This indefiniteness is not corrected in dependent claims 2 through 5 and so these claims are rejected as being

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- 13. Claim 6 recites the limitation "replacing said first claim settlement with a second claim settlement method" in line 7 and 8. There is insufficient antecedent basis for this limitation in the claim.
- 14. When reading claim 6 broadly it can be understood that the second claim settlement method replaces only the claim settlement portion of the first claim settlement method. This step can also be read that the said first claim settlement is unique and should previously have appeared but does not. Additionally, the step may be read that the said first claim settlement is

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actually the said first claim settlement method. These multiple interpretations make the scope of the claim indefinite.

Claim Rejections - 35 USC § 102

15. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

- (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.
- 16. Claims 1, 2 and 4 through 6 are rejected under 35 U.S.C. 102(b) as being anticipated by Della Torre, "The National Flood Insurance Reform Act of 1994: New and changed lender compliance requirements" (reference U1 on the attached PTO Form 892).
- As per claim 1, Della Tore teaches the mortgage guaranty insurance policy comprising: 17. periodically adjusting premiums (paragraph 23 FEMA must publish flood map changes every 6 months and paragraph 11 where lenders may impose the flood insurance requirements any time it is determined that the insurable improvements securing the loan are in a Special Flood Hazard Area or SFHA) the determinations of said premiums being partially based on geographic location (paragraph 8 where FEMA maps are used to determine loan hazard). The Della Tore teachings are based upon the National Flood Insurance Reform Act (NFIRA) of 1994 (see reference X1 on the attached PTO Form 892, paragraph 1). According to 42 U.S.C. 4001 (section 1312), the Director is authorized to prescribe regulations establishing the general method or methods by which proved and approved claims for losses may be adjusted and paid for any damage to or loss of property which is covered by flood insurance made available under the provisions of this chapter. The regulations created are 44 C.F.R. 62 (section 21) (see

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reference W1 on the attached PTO Form 892) and they state that the agent shall arrange for the prompt adjustment and settlement and payment of all claims arising from policies issued under the program. It is well understood by those skilled in the art at the time the invention was made that prompt adjustment and settlement has been interpreted to mean an immediate lump sum settlement.

- 18. As per claim 2, Della Tore teaches the insurance policy of claim 1 as described above. Della Torre teaches the insurance policy wherein the premium paid by the lender comprises the sum of individual premiums assigned to each loan in the insured portfolio, and each of said individual premiums are each adjusted according to separate fixed schedules (paragraph 14 where flood insurance premiums are escrowed on a loan-by-loan basis).
- 19. As per claim 4, Della Tore teaches the insurance policy of claim 1 as described above. Della Tore also teaches the insurance policy wherein said policy is guaranteed renewable for at least two policy terms during its lifetime (paragraph 11 and 15 where the flood insurance plan is required when the property is within a Special Flood Hazard Area and a Federally underwritten, required policy is guaranteed).
- 20. As per claim 5, Della Tore teaches the insurance policy of claim 1 as described above. Della Tore also teaches the insurance policy wherein at least one premium adjustment includes a retrospective portion (paragraph 8 where premiums are determined by flood maps and paragraph 23 where FEMA must publish map changes).
- 21. As per claim 6, Della Tore teaches the method for managing a mortgage guaranty insurance policy comprising: determining a first claim settlement method to be used if an insured event occurs (paragraph 27 where the homeowner is provided benefits even without insurance);

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determining a first premium amount to be charged (paragraph 27 where the homeowner guarantees to purchase flood insurance) based partially on said first claim settlement method (paragraph 8 where premiums are determined by flood maps and paragraph 23 where FEMA must publish map changes based upon new conditions); replacing said first claim settlement with a second claims settlement method (paragraph 27 where the homeowner receives disaster assistance and then later receives an insurance claim settlement); determining, if said first claim settlement method has been replaced, a second premium amount to replace said first premium amount, said second premium amount determination being at least partially based on the selected claim settlement method (paragraph 27 where the homeowner changes from being an uninsured receiver of disaster assistance to a premium paying insured receiving insurance benefits).

Claim Rejections - 35 USC § 103

- 22. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:
 - (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.
- 23. Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Della Torre, "The National Flood Insurance Reform Act of 1994: New and changed lender compliance requirements" (reference U1 on the attached PTO Form 892) in view of FEMA, Appendix A: The National Flood Insurance Act of 1968, Sections 1366 and 1367, as Amended by the National Flood Insurance Reform Act of 1994, Sections 553 and 554 (reference V1 on the attached PTO Form 892).

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24. As per claim 3, Della Tore teaches insurance policy of claim 1 as described above. Della Tore teaches the insurance policy wherein the premium paid by the lender comprises the sum of individual premiums assigned to each loan in the insured portfolio (paragraph 14). Della Torre does not teach the insurance policy wherein said individual premiums are adjusted according to the same fixed schedule. FEMA teaches the use of the Community Rating System when determining rates (paragraph 1). It would have been obvious to one of ordinary skill in the art at the time of the invention to make insurance premiums based upon community ratings. One of ordinary skill in the art would have been motivated to incorporate community rating with insurance premiums because the Community Rating System meet the NFIRA requirements with few or no modifications (paragraph 1) of FEMA.

Conclusion

- 25. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.
- 26. FEMA: Policy Issuance 1-99, Subject: Renewals Ineligible for Preferred Risk Policies (reference U2 on the attached PTO Form 892)
- 27. MacDonald, "Flood hazard pricing and insurance premium differentials: evidence from the housing market" (Reference X2 on the attached PTO Form 892)

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Neal R. Sereboff whose telephone number is (571) 270-1373.

The examiner can normally be reached on Mon thru Thur from 7:30am to 5pm, with 1st Fri off.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Patrick Nolan can be reached on (571) 272-0847. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

PATRICK J. NOLAN, PH.D. SUPERVISORY PATENT EXAMINER

10/12/06